

# Senate Study Bill 1189 - Introduced

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON BOLKCOM)

## A BILL FOR

1 An Act providing for the exclusion of costs associated with  
2 installation of a geothermal heating or cooling system  
3 from a residence's property value for purposes of property  
4 taxation and including applicability provisions.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 441.21, subsection 8, Code 2011, is  
2 amended to read as follows:

3 8. *a.* Any normal and necessary repairs to a building, not  
4 amounting to structural replacements or modification, shall not  
5 increase the taxable value of the building. This paragraph  
6 applies only to repairs of two thousand five hundred dollars  
7 or less per building per year.

8 *b.* Notwithstanding paragraph "*a*", any construction or  
9 installation of a solar energy system on property classified as  
10 agricultural, residential, commercial, or industrial property  
11 shall not increase the actual, assessed, and taxable values of  
12 the property for five full assessment years.

13 ~~*c.*~~ (1) As used in this subsection paragraph "*b*", "*solar*  
14 *energy system*" means either of the following:

15 {1} (a) A system of equipment capable of collecting  
16 and converting incident solar radiation or wind energy into  
17 thermal, mechanical or electrical energy and transforming these  
18 forms of energy by a separate apparatus to storage or to a  
19 point of use which is constructed or installed after January  
20 1, 1978.

21 {2} (b) A system that uses the basic design of the building  
22 to maximize solar heat gain during the cold season and to  
23 minimize solar heat gain in the hot season and that uses  
24 natural means to collect, store, and distribute solar energy  
25 which is constructed or installed after January 1, 1981.

26 ~~*d.*~~ (2) In assessing and valuing the property for tax  
27 purposes, the assessor shall disregard any market value added  
28 by a solar energy system to a building. The director of  
29 revenue shall adopt rules, after consultation with the office  
30 of energy independence, specifying the types of equipment and  
31 structural components to be included under the guidelines  
32 provided in this subsection.

33 *c.* Notwithstanding paragraph "*a*", any new or retrofitted  
34 construction or installation of a geothermal heating or cooling  
35 system on property classified as residential shall not increase

1 the actual, assessed, and taxable values of the property for  
2 ten full assessment years. In assessing and valuing the  
3 property for tax purposes, the assessor shall disregard any  
4 market value added by a geothermal heating or cooling system to  
5 a residential building. For the purposes of this paragraph,  
6 to the extent market value would be increased by the addition  
7 of mechanical, electrical, plumbing, ductwork, or other  
8 equipment, labor, and expenses included in or required for the  
9 construction or installation of the geothermal system, they  
10 shall also be disregarded, as shall the proportionate value  
11 of any well field associated with the system and attributable  
12 to the owner. The director of revenue shall adopt rules to  
13 implement this paragraph.

14      Sec. 2. APPLICABILITY. This Act applies to assessment years  
15 beginning on or after January 1, 2012.

16	EXPLANATION
----	-------------

17 This bill provides that a geothermal heating or cooling  
18 system constructed or installed on new or existing residential  
19 property will not increase the value of the property for  
20 purposes of property taxation for 10 full assessment years.  
21 The bill directs the assessor to disregard any market value  
22 added by a geothermal heating or cooling system and, to  
23 the extent market value would be increased, to disregard  
24 mechanical, electrical, plumbing, ductwork, or other  
25 equipment, labor, and expenses included in or required for the  
26 construction or installation of the geothermal system. The  
27 bill provides that the assessed value will also not include  
28 the proportionate value of any well field associated with the  
29 system and attributable to the owner.

30 The bill applies to assessment years beginning on or after  
31 January 1, 2012.